



OFFICE OF THE SECRETARY OF DEFENSE  
WASHINGTON, DC 20301



APR 29 2005

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
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UNDER SECRETARIES OF DEFENSE  
ASSISTANT SECRETARIES OF DEFENSE  
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DIRECTOR, NET ASSESSMENT  
DIRECTOR, FORCE TRANSFORMATION  
DIRECTORS OF THE DEFENSE AGENCIES  
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Policy for Electronic Wage and Tax Statements and Leave and Earning  
Statements Through myPay

In support of the President's Expanded Electronic Government Initiative, the Defense Finance and Accounting Service will provide Wage and Tax Statements (W-2) and Leave and Earnings Statements (LES) in electronic format for military and civilian personnel who view their pay data on the myPay website. Eliminating hard copies of these paper documents and providing electronic copies through myPay will save several million dollars and mitigate the risk of identity theft.

For several years, myPay has provided military members and civilian employees with a secure method to view, print, and save their LES and W-2 electronically. It also gave the military member and civilian employee the ability to change the delivery method of their W-2 or LES from printed and mailed hard copies to electronic copies. In other words, personnel could "turn off" receipt of hard copies in the past. Under this new policy, military members and civilian employees who log on to myPay after a date specified on the homepage will be consenting to receive electronic copies of their W-2 and LES, unless they elect to "turn on" receipt of hard copies by selecting that delivery option on the myPay website. As in the past, personnel may request one delivery method for a copy of their W-2 but another for the LES.

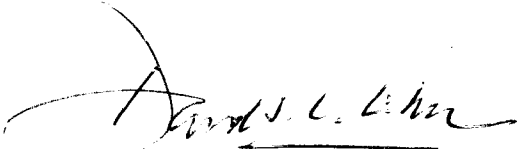


A marketing plan is being developed to notify all individuals about the pending change, which will include LES remarks and notices on the myPay website. Employees and members who do not access myPay after the effective date of this policy will continue to receive hard copy documents, unless they previously opted for electronic copies.

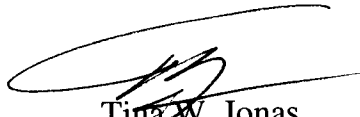
The electronic W-2 is usable for all income tax purposes and is sanctioned by the Internal Revenue Service. It also may be used with an individual's state income tax return. To ensure all members and employees receive a W-2 each year, members and employees will not be authorized to change their election through the myPay input screen from an electronic W-2 to hard copy W-2 during December and January. However, military and civilian personnel still will be able to request a hardcopy W-2 through their local servicing finance office or customer service representative during this period and throughout the year. In addition, changes to tax withholdings are permitted continuously throughout the year.

This policy is effective for all military members and non-bargaining civilian employees. Management first must fulfill all bargaining obligations before effecting this change for civilian personnel in bargaining units. Consistent with applicable law, please notify all appropriate exclusive representatives immediately to begin the negotiation process as soon as possible to satisfy our required bargaining obligations. Negotiations completed by September 2005, will permit the issuance of an electronic W-2 and LES for members and employees that sign on to the myPay website, resulting in substantial cost savings.

Please provide a quarterly status report of your efforts to complete negotiations with exclusive representatives to Mr. Robert Bird via e-mail at: robert.bird@dfas.mil, or telephone at 703-602-5279.



David S. C. Chu  
Under Secretary of Defense  
(Personnel and Readiness)



Tina W. Jonas  
Under Secretary of Defense  
(Comptroller)